

Government of the District of Columbia  
Office of the Chief Financial Officer



**Jeffrey S. DeWitt**  
Chief Financial Officer

**TAX ABATEMENT FINANCIAL ANALYSIS**

**TO:** **The Honorable Muriel Bowser**  
**Mayor, District of Columbia**

**The Honorable Phil Mendelson**  
**Chairman, Council of the District of Columbia**

**FROM:** **Jeffrey S. DeWitt**  
**Chief Financial Officer**

**DATE:** **November 16, 2018**

**SUBJECT:** **“The Hyacinth's Place Equitable Real Property Tax Relief Act of 2018”**

**REFERENCE:** **Bill 22-887**

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**Findings**

Hyacinth's Place LLC (“Hyacinth’s Place”), which owns real property located at 1060 Bladensburg Road, NE, is a District based limited liability company wholly owned by the Institute of Urban Living (“IUL”), a District non-profit corporation. The real property tax abatement proposed by Bill 22-887 forgives unpaid real property taxes, penalties, interest, and other related charges assessed from January 1, 2012 through January 1, 2017 against the property of IUL and Hyacinth’s Place.<sup>1</sup> The applicant seeks this relief to continue its mission to provide supportive services and safe, affordable housing to women who are homeless and living with a mental health diagnosis<sup>2</sup>. Financial statements

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<sup>1</sup> The outstanding liabilities are attributable to periods before IUL and Hyacinth’s Place applied for real property tax exemptions on these properties. The properties are exempt from real property tax for periods following the filing of these applications and the effective dates of the exemptions. The exemption on the main property (Square 4074, Lot 0161) began July 1, 2013, and the taxes on this lot (approximately \$23,700) are attributable to the first part of tax year 2013, before the application was filed and the exemption became effective. The second property (Square 4074, Lot 0124), a small adjacent lot, was acquired directly by IUL in 2010, but an exemption application was not filed until 2016. The Office of Tax and Revenue (OTR) granted the exemption effective July 1, 2016. The outstanding taxes on this property (approximately \$2,200) are attributable to periods before the application was filed and the exemption became effective. OTR has waived penalties and interest attributable to these unpaid taxes.

<sup>2</sup> Based on its website, Hyacinth’s Place is a 15-unit studio style permanent, affordable housing program with comprehensive therapeutic and social re-integration services. The four-story 9,228 square foot development contains 15 residential studios, complete with individual bathrooms and kitchenettes. The program's design also allows for group activities, offices for staff, and laundry facilities. The design incorporates green building principles in alignment with the regenerative spirit in which the project was imagined. The intent of the

submitted to the Office of the Chief Financial Officer (“OCFO”) by IUL shows that Hyacinth’s Place can reasonably operate and continue its mission without the proposed real property tax abatement.

### **Tax Abatement Financial Analysis**

The Exemptions and Abatements Information Requirements Act of 2011 requires the analysis provided by the OCFO to contain the following information:

#### **(A) Terms of the Abatement**

The proposed legislation provides a property tax abatement to both Square 4074, Lot 0161 owned by Hyacinth’s Place and Square 4074, Lot 0124 owned by IUL. The abatement forgives property taxes, penalties, interest, and other related charges assessed from January 1, 2012 through January 1, 2017 for both of these properties.

#### **(B) The Value of the Abatement**

**Table 1: Value of Abated Taxes**

	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023- FY 2030</b>	<b>TOTAL</b>
Abated Real Property Tax	\$26,130	\$0	\$0	\$0	\$0	\$26,130

#### **(C) The Purpose of the Abatement**

The proposed purpose of the abatement is to forgive unpaid real property taxes, penalties, interest, and other related charges assessed from January 1, 2012 through January 1, 2017 for both properties of IUL and Hyacinth’s Place.

#### **(D) A Summary of the Proposed Community Benefits**

See the Statement of Community Benefits, provided by IUL for Hyacinth’s Place below.

#### **(E) Financial Analysis and Advisory Opinion**

The past 3 years of financials statements show total net income of \$37,081<sup>3</sup>. Therefore, the proposed property tax abatement is financially not necessary for Hyacinth’s Place to meet its fiscal needs.

### **Conclusion**

The real property tax abatement proposed by Bill 22-887 is not necessary for Hyacinth’s Place to reasonably continue its mission and meet its fiscal needs.

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project is to create an environment where women can work and live together in a place which nurtures and supports their recovery.

<sup>3</sup> Calculated as the combined year to date for net income before taxes reported in Management Reports as of October for 2016, 2017, and 2018.

### **Applicant Provided Statement of Community Benefits**

The requested abatement will help IUL continue to provide significant community benefits, primarily being housing and behavioral and therapeutic services to homeless women with a mental health diagnosis. Since it opened operation in 2012, Hyacinth’s Place has helped 107 women break the cycle of homelessness. Some former residents have attained their high school diploma and one former resident is working on her college degree. Hyacinth’s Place achieves these results by providing residents with stable housing as well as services such as financial management counseling, substance abuse counseling, medication education, anger management counseling, and vocational rehabilitation.

Hyacinth’s Place houses up to 15 residents at a time, all of whom are referred to Hyacinth’s Place by the District Department of Behavioral Health (“DBH”). The average length of stay is approximately 18 months. Each resident pays rent equal to 30% of her income, resulting in a monthly rent payment that typically varies from \$97 to \$240. IUL receives a flat subsidy of \$235 from the District Housing Authority for each occupied unit. DBH pays IUL “gap” funding equal to the difference between \$1,140 per month per unit and the total of the resident’s rent and the DHA subsidy.

As a condition of financing that Hyacinth’s Place received from the District Department of Housing and Community Development and the District Housing Finance Agency for the construction of the residential building, all 15 units must be used for housing formerly homeless women diagnosed with a mental illness and whose household income is at or below 30% of the area median income. Hyacinth’s Place has 2 full-time employees and 6 part-time employees. Of these 8 positions, 6 are committed to District residents. The estimated total wages per month is \$12,000. Full-time employees have benefits including health care (medical, dental and vision) as well as ten holidays and ten sick days.